



UNITED STATES DEPARTMENT OF COMMERCE
National Oceanic and Atmospheric Administration
NATIONAL MARINE FISHERIES SERVICE
Silver Spring, Maryland 20910

MAR 6 1998

MEMORANDUM FOR: Rolland A. Schmitt
Assistant Administrator for Fisheries

FROM: Steven Pennoyer *Pennoyer*
Administrator, Alaska Region

SUBJECT: Determinations under Section 312(a)(2) of the
Magnuson-Stevens Fishery Conservation and
Management Act for the Proposal, "Bristol Bay/
Kuskokwim River Fisheries Disaster Project"--
DECISION MEMORANDUM

Points
①
I request that you determine, in accordance with Section 312(a)(2) of the Magnuson-Stevens Fishery Conservation and Management Act (Magnuson-Stevens Act), that the proposal submitted by the State of Alaska for a grant to address the failure of the commercial salmon fisheries in the Bristol Bay and Kuskokwim regions is appropriate within the meaning of the Magnuson-Stevens Act and that activities proposed under the grant will not expand the size or scope of the commercial fishery failure.

BACKGROUND

Section 312(a) of the Magnuson-Stevens Act states that the Secretary of Commerce, at the Secretary's discretion or upon request of a Governor or affected Council, shall determine whether a commercial fishery failure occurred as a result of a fishery resource disaster. Upon making such a determination, the Secretary is authorized to make funds available to address the failure, provided two additional determinations are made, i.e., that the activity(ies) proposed to address a commercial fishery failure is appropriate, and that any activity proposed will not expand the commercial fishery failure.

According to Section 312(a)(2), funds can be used "for assessing the economic and social effects of the commercial fishery failure, or any activity that the Secretary determines is appropriate to restore the fishery or prevent a similar failure in the future and to assist a fishing community affected by such failure." Therefore, in order to make a determination that a proposed activity is appropriate, the Secretary must determine that the activity as proposed will either (1) restore the fishery and assist a fishing community affected by such failure or (2) prevent a similar failure in the future and assist a fishing community affected by such failure. Section 312(a)(2) further states that before making funds available, the Secretary shall



determine that the activity "will not expand the size or scope of the commercial fishery failure in that fishery or into other fisheries or other geographic regions."

On November 5, 1997, you concurred with my finding conveyed in the attached decision memorandum that the Bristol Bay and Kuskokwim River area commercial salmon fishery failed in 1997 due to a fishery resource disaster of undetermined causes. The Congress appropriated \$7 million to provide disaster assistance for Bristol Bay and the Kuskokwim River area. This appropriation, along with \$2,333,333 provided by the State to meet the 25 percent match requirement under Section 312(a), results in a total of over \$9.3 million available for programs to assist the communities affected by the commercial fishery failure.

The Alaska Department of Community and Regional Affairs submitted a grant application for a program that includes four components, i.e., community grants, an individual loan program, economic planning grants, and grants for fisheries research, education, and training.

2 The community grants component would make about \$6.7 million in grant funds available to 54 communities in the Bristol Bay and Kuskokwim regions identified in the proposal. The communities would administer the funds for projects to help diversify and enhance the local economy or to assess the economic or social effects of the commercial fisheries failure. These projects include, but are not limited to, infrastructure development or improvement projects such as sanitation, flood and drainage facilities, health care, and fuel facilities. The projects should benefit the community and promote economic diversity. As with all projects, projects such as docks, harbors, bulkheads, and beach and airport access must show benefit to the overall economic welfare and diversity of the community, not just benefit the commercial fishing industry.

3 The second component is an individual loan program using about \$1.87 million of the grant funds. Permit holders who earned at least 51 percent of their annual income in 1995 and 1996 from commercial fisheries in the Bristol Bay, Kuskokwim or Chignik fisheries will be eligible for loans, regardless of their place of residence. Loans will be limited to \$1,000 per applicant, to be repaid over two years at zero interest. Collateral for the loans will be required. The repaid loan funds will become part of a State administered revolving loan fund to be used to address any future commercial fishery failure resulting from a fishery resource disaster.

4 The economic planning component would make \$183,456 available as grants to help communities in the Kuskokwim area develop or

improve community economic development planning. Activities may include conducting marketing studies, developing land use plans or developing capital improvement plans. Excluded are engineering, architectural, and design costs related to a specific project activity.

4 Finally, \$390,208 would be made available for competitive grants for fisheries education, training, and research to, among other things, attempt to determine the causes of the commercial fishery failure, with the goal of preventing future failures.

DETERMINATIONS

Based on review of the proposal and detailed discussions among NOAA, NMFS Headquarters, and the State of Alaska, we have determined that the various activities proposed will either restore the fisheries and assist affected communities, or will prevent a future failure and assist the communities. The State's proposal is, therefore, appropriate within the meaning of Section 312(a)(2) of the Magnuson-Stevens Act, based on the following analysis:

The community grants will help to diversify the economies of the Bristol Bay and Kuskokwim communities to be less dependent on fishing. Reducing the number of fishermen by lowering the amount of effort in this fishery should allow the resource to rebound. A stronger resource will directly benefit the fishermen remaining in the fishery.

NO The revolving aspect of the loan program will provide a source of funds for use to address future failures, as well as interim economic support to individual fishermen affected by the current failure.

The economic planning activity in the Kuskokwim region is intended to help expand the economic base to make these communities less dependent on fishing. Therefore, this activity should contribute to economic diversification, which should reduce stress on the fishery resource and help to prevent a future commercial fishery failure.

The fisheries research grants will support projects that could determine the causes of the current failure; this knowledge could help to prevent a future failure. Training and education grants will support projects to provide fishermen opportunities to upgrade their education and skills, which could encourage them to enter other occupations. This could have the dual benefit of providing the fishermen with a more secure livelihood and also reducing the effort in the fishery.

NO
Furthermore, we agree with the allocation of funds proposed by the State of Alaska. While we recognize that the commercial fishery failure has had some adverse impact on fishermen residing in communities outside of the Bristol Bay and Kuskokwim River areas, that impact is limited to their inability to take revenue from the fishery and return it to their communities of residence. On the other hand, the communities in the immediate area surrounding the Bristol Bay and Kuskokwim River fisheries provide infrastructure support to operate those fisheries. The fishery failure has, therefore, affected the infrastructure in those communities, as well as their ability to derive income from the fishery. Accordingly, the fishing communities in the Bristol Bay and Kuskokwim regions should get preference for assistance over those communities outside these regions. This is not to be confused with preferences for individual fishermen (see discussion below).

We also agree that the Bristol Bay and Kuskokwim communities should administer the community grants, because their proximity to and knowledge of the communities will ensure the funds address critical needs. However, the opportunity to perform work under such projects would be available to any qualified applicant and not limited to residents of these communities. An administrative standard term and condition dealing with the State's responsibilities under federal assistance regulations and the State's own contracting requirements will be added to the award to address this issue.

NO
While recognizing the benefits of providing grant funds to communities in the Bristol Bay and Kuskokwim regions as discussed above, we do not intend in making this award to discriminate against any individual fisherman. The loan program is, as noted, open to eligible permit holders, regardless of their place of residence. Furthermore, any qualified applicant would be eligible to compete for the fisheries research, education, and training grants, and eligible fishermen could participate in any education/training opportunities developed with grant funds. Fishermen might also be qualified to participate in some of the community grant projects.

Regarding the second determination required under Section 312(a)(2), none of the components of Alaska's proposed program will result in any increase in capacity or efficiency in the fishery. Therefore, the proposed assistance will not expand the size or scope of the commercial fishery failure in this fishery or into other fisheries or other geographical regions.

NMFS, with the assistance of NOAA Grants Management Division, will develop appropriate safeguards within the award document to ensure that this program is carried out in compliance with Section 312(a)(2) language and all appropriate NOAA financial

assistance regulations. A special award condition will be included to require prior review and approval by NOAA of any proposed projects outside the topic areas listed in the State of Alaska's grant proposal.

RECOMMENDATION

I recommend that you make the determinations under Section 312(a)(2) that the State of Alaska's grant proposal, "Bristol Bay/Kuskokwim River Fisheries Disaster Project," is appropriate to "restore the fishery or prevent a similar failure in the future and to assist a fishing community affected by such failure"; and, that the proposed activities "will not expand the size or scope of the commercial fishery failure in that fishery or into other fisheries or other geographic regions." This determination has been reviewed and concurred with by NOAA General Counsel.

DUE Concur

Date 3/6/98

Attachment

_____ Do Not Concur _____ Wish to Discuss